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April 14, 2015

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From: Sachi A. Hamai
Interim Chief Executive Officer

SACRAMENTO UPDATE

Executive Summary

This memorandum contains reports on the following:

- **Pursuit of County Position to Support SB 434 (Allen).** This measure would require owners of mobile homes, currently subject to an annual Vehicle License Fee (VLF) and who rebuild the home from the ground up on a permanent foundation, to request a transfer from the VLF to the local property tax roll. Therefore, unless otherwise directed by the Board, consistent with existing policy to support legislation that clarifies, streamlines, and outlines clear property tax policy for local governments, **the Sacramento advocates will support SB 434.**
- **Status of County-Sponsored Legislation**
 - **County-sponsored AB 1119** - related to public utility projects, passed the Assembly Utilities and Commerce Committee on April 13, 2015.
- **Status of County-Advocacy Legislation**
 - **County-supported SB 23 (Mitchell)** - related to CalWORKs Program grants eligibility, was held on the Senate Appropriations Committee's Suspense File on April 13, 2015.

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- **Legislation of County Interest**

- **AB 1335 (Atkins)** - this measure would establish a permanent source of funding for affordable housing by placing a \$75 fee on real estate transaction documents, excluding home sales.

Pursuit of County Position on Legislation

SB 434 (Allen), which was introduced on February 25, 2015, would require owners of manufactured homes (mobile homes), currently subject to the annual Vehicle License Fee (VLF) who rebuild the home from the ground up on a permanent foundation, to request a transfer of the home from the VLF to local property tax roll.

Currently, manufactured homes in California purchased before July 1, 1980, are taxed in one of two ways: 1) via the annual VLF; or 2) as personal property via a local property tax. According to the Office of the Assessor, in recent years, some older manufactured homes have been torn down, leaving only the underlying chassis, and a new "stick-built" home is constructed on a permanent foundation that surrounds the remaining chassis. Under current law, when a portion of the original mobile home is kept in place, the new, permanent structure is taxed as a vehicle under the VLF and is not subject to a property tax assessment. However, manufactured homes purchased on or after July 1, 1980, are subject to local property taxation.

The Office of the Assessor indicates that some older rebuilt manufactured homes are often constructed with luxury features in affluent communities, such as Malibu. Similar conventional homes in these communities would be assessed in the hundreds of thousands of dollars. Because manufactured home owners are not required to transfer the property to the local property tax roll, the Office of the Assessor does not know which or how many manufactured homes in the County have been extensively rebuilt. However, the Assessor estimates that fewer than 100 manufactured homes per year undergo extensive rebuilding.

The Office of the Assessor also notes that today's manufactured homes look more like site-built houses than their predecessors. These manufactured homes are often not as mobile as their predecessors, and the Assessor estimates that up to 95 percent never leave the spot where they are first placed. The Assessor reports that SB 434 would address the inadequate assessment of property taxes on manufactured homes that were purchased before July 1, 1980 and that have been extensively rebuilt and that are still subject to the VLF.

This office supports SB 434. Therefore, unless otherwise directed by the Board, consistent with existing policy to support legislation that clarifies, streamlines, and outlines clear property tax policy for local governments, **the Sacramento advocates will support SB 434.**

SB 434 is sponsored by the Office of the Assessor and supported by the California Assessors' Association. This measure is opposed by the Western Manufactured Housing Communities Association. SB 434 is scheduled to be heard by the Senate Transportation and Housing Committee on April 21, 2015.

Status of County-Sponsored Legislation

County-sponsored AB 1119 (Rendon), which as introduced on February 27, 2015, would grant counties the same rights as cities to object to and challenge public utility projects proposed by other jurisdictions that would encroach on streets within the county's unincorporated areas, passed the Assembly Utilities and Commerce Committee by a vote of 9 to 0 on April 13, 2015. This measure now proceeds to the Assembly Local Government Committee.

Status of County-Advocacy Legislation

County-supported SB 23 (Mitchell), which as introduced on December 1, 2014, would repeal the CalWORKs Program Maximum Family Grant (MFG) rule effective January 1, 2016, and prohibit a CalWORKs applicant or recipient from being denied aid or an increase in the grant maximum aid payment for a child born into a family during a period in which the family received CalWORKs benefits. This measure was held on the Senate Appropriations Committee's Suspense File on April 13, 2015 due to costs to the State General Fund.

Status of Legislation of County Interest

AB 1335 (Atkins), which as introduced on February 27, 2015, would enact the Building Homes and Jobs Act, which would impose a fee of \$75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded. Revenues from the fee, after deduction of any actual and necessary administrative costs incurred by the county recorder, would be deposited in the Building Homes and Jobs Fund for expenditures that support affordable housing, home ownership opportunities, and other housing-related programs. AB 1335 is an urgency statute which requires a two-thirds vote of the Legislature to pass. If signed by the Governor, this measure would take effect immediately.

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AB 1335 is substantially similar to **SB 391 of 2013**, which would have established a \$75 recordation fee on real estate transactions, excluding home sales, to generate approximately \$500 million annually for affordable housing. That bill passed the Senate Floor in May 2013, but died in the Assembly Appropriations Committee in August 2013.

AB 1335 is supported by: State Treasurer John Chiang; Los Angeles Mayor Eric Garcetti; San Diego Mayor Kevin L. Faulconer; San Francisco Mayor Edwin M. Lee; Oakland Mayor Libby Schaaf; the San Diego Housing Federation; Housing California; California Building Industry Association; California Infill Federation, Bay Area Council; San Diego Regional Chamber of Commerce; California Housing Consortium; Silicon Valley Leadership Group; and the Western Center on Law & Poverty. Currently, there is no registered opposition on file to this measure.

AB 1335 is scheduled to be heard by the Assembly Housing and Community Development Committee on April 29, 2015.

This office is working with the Community Development Commission, the Registrar-Recorder and other affected departments to determine the potential programmatic and fiscal impact of this bill to the County.

We will continue to keep you advised.

SAH:JJ:MR
VE:IGEA:lm

c: All Department Heads
Legislative Strategist
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Coalition of County Unions
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